

The Honorable Karen A. Overstreet
Chapter 11
Hearing Location: 700 Stewart St., Rm. 7206
Hearing Date: December 15, 2010
Hearing Time: 9:30 a.m.
Response Date:

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF WASHINGTON AT SEATTLE**

In re

FREDERICK D. BERG,

Debtor

Lead Case No. 10-18668-KAO
(Administratively Consolidated with Case Nos.
10-23755-KAO, 10-23756-KAO, 10-23757-
KAO, 10-23759-KAO, 10-23761-KAO)

In re

MERIDIAN TRANSPORTATION
RESOURCES, LLC,

Debtor

REPORT OF BID RESULTS FOR MTR
WESTERN ASSETS AND STATUS OF
PROPOSED STALKING HORSE BID

In re

MERIDIAN TRANSPORTATION
RESOURCES (CALIFORNIA), LLC,

Debtor

In re

MERIDIAN TRANSPORTATION
RESOURCES (CANADA), Ltd.,

Debtor

In re

MTR LEASING, LLC,

Debtor

In re

GEOGENIUS, LLC,

Debtor

Pursuant to the order of the Honorable Karen A. Overstreet on December 7, 2010, a purchase solicitation packet ("**Bid Packet**") was prepared and mailed to all parties interested in the MTR Entities and their assets known to Diana Carey, Chapter 11 Trustee of the bankruptcy estate of estate of F. Darren Berg, and President/Manager of Meridian Transportation Resources, LLC ("**MTR**"), Meridian Transportation Resources (California), LLC ("**MTR CA**"), Meridian Transportation Resources (Canada), LLC ("**MTR Canada**"), and MTR Leasing, LLC ("**MTR Leasing**") (MTR, MTR CA, MTR Canada, and MTR Leasing are referred to collectively as the "**MTR Entities**"). A complete copy of the Bid Packet is attached hereto as Exhibit 1.

1. Status of GTO, LLC Purchase Offer. Diligent efforts have been made by the interested parties including GTO, LLC ("**GTO**"), MTR Entities, Meridian Funds chapter 11 trustee ("**Meridian Trustee**") and the Meridian Funds Official Investors Committee ("**Committee**") to work out purchase terms that are acceptable to all concerned. In principal, the interested parties have reached such an agreement, the principal terms (and how they differ from the prior proposed purchase terms) are summarized in Exhibit 2. Efforts are ongoing to have an executed purchase agreement to file and present to the Court on Wednesday, December 15, 2010 at 9:30.

2. Bid No.1 – American Star Trailways. The offer of American Star Trailways is attached as Exhibit 3, but the pertinent section of the offer is set out below for the Court's ready reference:

Purchase Price Offer: 2- 2003 SETRA / OR / 2- 2008 SETRA'S AND ONE
TWO COACHES ONLY 2001 FEDERAL MINI 2403
Specific Motor Coaches: Identify below or attach list \$6,200 EACH

OR 2- 2003 SETRA 5602 + 5603 \$135,000 EACH
2- 2008 SETRA 56112 + 56113 \$230,000 EACH
AND → 1- 2001 FEDERAL MINI 2403 (ONE ONLY) 6,200 EACH

This offer is compared to the Low Blue Book value as of March 2010 and the outstanding debt against vehicles as follows:

Motor Coach	Low Blue Book	Offer Price	Debt on Coach	Offer minus Debt
03 Setra 5602	\$226,400	\$135,000	\$0	\$135,000
03 Setra 5603	\$226,400	\$135,000	\$144,160	(\$9,160)
08 Setra 56112	\$332,200	\$230,000	\$164,131	\$65,869
08 Setra 56113	\$332,200	\$230,000	\$159,565	\$70,435
01 Mini 2403	\$10,500	\$6,200	\$0	\$6,200
TOTAL \$436.2k max bid amount	1,127,700	\$736,200	\$467,855	

This offer, for 2 Setras and the Mini, assuming the most favorable combination of assets (from MTR's perspective) and a successful closing, would result in \$211,635 net to the estate after deducting debt from the purchase price.

3. Bid No. 2 – Century Services. The offer of Century Services was an offer received on December 13, 2010 to purchase 29 motor coaches for \$6,310,000 USD, subject to 12 conditions. The debt outstanding against the 29 coaches equals approximately \$5,900,000, which leaves little equity for the benefit of creditors. **This offer was withdrawn on December 14, 2010.**

4. Bid No. 3 – DIP Coaches. The offer of DIP Coaches, Ltd. (and a second from its affiliate DIP Coaches III, Ltd, for \$230,000) is attached as Exhibit 4, but the pertinent section of the offer is set out below for the Court's ready reference:

Purchase Price Offer: \$ 210,000.00

Specific Motor Coaches: Identify below or attach list

Any one of the following: 5282, 5283, 5284,
5289, 5290 or 5293.

These offers are compared to the Low Blue Book value as of March 2010 and the outstanding debt against vehicles as follows:

Motor Coach	Low Blue Book	Offer Price	Debt on Coach	Offer minus Debt
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07 Prevost 5282	\$316,600	\$210k or \$230k	\$238,297	(\$8,297) or (\$28,297)
07 Prevost 5283	\$316,600	\$210k or \$230k	\$238,297	(\$8,297) or (\$28,297)
07 Prevost 5284	\$316,600	\$210k or \$230k	\$238,297	(\$8,297) or (\$28,297)
07 Prevost 5289	\$316,600	\$210k or \$230k	\$238,297	(\$8,297) or (\$28,297)
07 Prevost 5290	\$316,600	\$210k or \$230k	\$238,297	(\$8,297) or (\$28,297)
07 Prevost 5293	\$316,600	\$210k or \$230k	\$238,297	(\$8,297) or (\$28,297)
TOTAL \$440k				

This offer, for a single 2007 Prevost H3-45 at \$210,000 and another at \$230,000, assuming the coach with the most equity and a successful closing, would result in a **net loss** of at least \$36,594 to the estate after deducting debt from the purchase price.

5. Bid No. 4 – Holiday Companies. The offer of Holiday Companies, LLC is attached as Exhibit 5, but the pertinent section of the offer is set out below for the Court's ready reference:

Purchase Price Offer: \$270,000 EACH FOR UP TO 2 (two) OF THE FOLLOWING UNITS (2008).

Specific Motor Coaches: Identify below or attach list

5694, 5695, 5696, 5697, 5698, or 5699 SUBJECT TO
CLEAN COSMETIC CONDITION AND GOOD OPERATIONAL CONDITION
NO EXTERNAL ACCIDENT OR BODY DAMAGE. 2008 PREVOST H345

This offer is compared to the Low Blue Book value as of March 2010 and the outstanding debt against vehicles as follows:

Motor Coach	Low Blue Book	Offer Price	Debt on Coach	Offer minus Debt
08 Prevost 5694	\$339,600	\$270,000	\$192,335	\$77,665
08 Prevost 5695	\$339,600	\$270,000	\$192,335	\$77,665
08 Prevost 5696	\$339,600	\$270,000	\$192,335	\$77,665
08 Prevost 5697	\$339,600	\$270,000	\$190,885	\$79,115
08 Prevost 5698	\$339,600	\$270,000	\$185,607	\$84,393
08 Prevost 5699	\$339,600	\$270,000	\$185,607	\$84,393
TOTAL \$540k	\$2,037,600	\$1,620,000	\$1,139,106	\$480,894

This offer, for **up to two** 2008 Prevost H3-45s, assuming the coaches with the most equity and a successful closing, would result in \$168,786 net to the estate after deducting debt from the purchase price.

6. Bid No. 5 – Polynesian Adventure Tours. The offer of Polynesian Adventure Tours, LLC is attached as Exhibit 6, but the offer is \$2,325,000 for the 8 coaches set out below:

Motor Coach	Low Blue Book	Serial Nos.	Debt on Coach	Offer minus Debt
09 Van Hool	\$392,600	YE2TC15B392044358	\$373,875	(\$83,250)
09 Van Hool	\$392,600	YE2TC15B192044360	\$373,875	(\$83,250)
09 Van Hool	\$392,600	YE2TC15B792044363	\$373,875	(\$83,250)
10 Van Hool	\$400,000	YE2TC15B4A2044373	\$373,875	(\$83,250)
10 Van Hool	\$380,000	YE2TA15B8A2040171	\$331,543	(\$40,918)
10 Van Hool	\$375,000	YE2CC15B3A2046180	\$354,355	(\$63,730)
10 Van Hool	\$375,000	YE2CC15B5A2046214	\$297,221	(\$6,596)
10 Van Hool	\$375,000	YE2CC15B7A2046215	\$297,221	(\$6,596)
TOTAL \$2.325m	\$3,082,800	\$2,325,000	2,775,840	(\$450,840)

This offer, for 8 Van Hools, assuming a successful closing of all coaches, the sale would result in a **net loss** of \$450,840 to the estate after deducting a portion of the debt from the purchase price.

7. Bid No. 6 – LeBus. The offer of Jackson Rocks Springs, Inc. dba LeBus, is attached as Exhibit 7, but the pertinent section of the offer is set out below for the Court's ready reference:

Purchase Price Offer: See Below

Specific Motor Coaches: Identify below or attach list

will purchase separately

UNIT 4869	2006 Prevost	10520	\$130,000.00
UNIT 4872	2006 Prevost	10547	\$130,000.00
UNIT 2401	2005 Krystal	36276	\$22,000.00

Specific Motor Coaches: Identify below or attach list

UNIT 5016	2005 Prevost	10176	\$110,000.00
UNIT 5017	2005 Prevost	10181	\$110,000.00

This offer is compared to the Low Blue Book value as of March 2010 and the outstanding debt against vehicles as follows:

Motor Coach	Low Blue Book	Offer Price	Debt on Coach	Offer minus Debt
06 Prevost 4869	\$201,400	\$130,000	\$201,917	(\$70,917)
06 Prevost 4872	\$201,400	\$130,000	\$201,917	(\$70,917)
05 Krystal 2401	\$29,300	\$22,000	0	\$22,000
05 Prevost 5016	\$180,200	\$110,000	\$163,537	(\$53,537)
05 Prevost 5017	\$180,200	\$110,000	\$163,537	(\$53,537)
TOTAL	\$813,700	\$502,000	\$728,908	(\$226,908)

This offer, for two 2006 Prevost H3-41s, two 2005 Prevost H3-41s, and one Krystal Mini, assuming a successful closing of all coaches, would result in a **net loss** of \$226,908 to the estate after deducting debt from the purchase price.

8. Bid No. 7 – Star Transit Co. The offer of Star Transit Co., Inc. is attached as Exhibit 8, but the pertinent section of the offer is set out below for the Court's ready reference:

Purchase Price Offer: \$552,000.00

Specific Motor Coaches: Identify below or attach list

2008 Prevost H3-45 Vin#2PCH334948C711242
2008 Prevost H3-45 Vin#2PCH334948C711239

This offer is compared to the Low Blue Book value as of March 2010 and the outstanding debt against vehicles as follows:

Motor Coach	Low Blue Book	Serial Nos.	Debt on Coach	Offer minus Debt
08 Prevost	\$339,600	2PCH334948C711239	\$192,335	\$83,665
08 Prevost	\$339,600	2PCH334948C711242	\$190,885	\$85,115
TOTAL (\$552k)	\$679,200		\$383,221	\$168,779

This offer, for two 2008 Prevost H3-45s, assuming a successful closing of both coaches, would result in \$168,779 net to the estate after deducting debt from the purchase price.

In an accompanying email, it has also extended the following purchase offer without a purchase price:

“In the event our specific vehicle selection above under this submitted bid is not accepted, we have identified the following vehicles we would extend our purchase price bid offer for any two (2) of the following vehicles:

-2008 Prevost H3-45 Vin#2PCH334968C711243

-2008 Prevost H3-45 Vin#2PCH334908C711237

-2008 Prevost H3-45 Vin#2PCH334958C711248

-2008 Prevost H3-45 Vin#2PCH334938C711247”

9. Other Expressions of Interest. Two other expressions of interest were received by Diana Carey on behalf of the MTR Entities. One indicated an interest in acquiring MTR Entities as a going concern and a willingness to deposit \$500,000 to be part of an auction process. The second, was also from an interested party that indicated that due to its team's inability to complete due diligence, they were reluctant to put in a firm bid but did express a strong desire to participate in an auction.

1 10. Conclusion. The bid process ordered by the Court did result in 6 offers not
2 withdrawn on about 25 motor coaches. Three of the offers if pursued would result in an aggregate
3 net loss of nearly \$715,000. If the sales of the remaining three offers were pursued and successfully
4 closed, after paying underlying debt the estate would receive a net of approximately \$550,000 in
5 sales proceeds. The results of this exercise only confirm that making the offer of GTO, LLC, the
6 stalking horse bid is appropriate and in the best interests of the MTR creditors. Particularly now that
7 the aggregate net purchase price after paying secured creditors is \$5,500,000.
8

9 This exercise also resulted in expressions of interest which may well prove that an auction
10 along the lines proposed in the MOTION FOR APPROVAL OF SALE, PURSUANT TO AN
11 AUCTION, OF SUBSTANTIALLY ALL OF DEBTORS' ASSETS AND BUSINESS FREE AND
12 CLEAR OF LIENS; BIDDING, NOTICE AND SALE PROCEDURES; and ADDITIONAL
13 RELIEF will bring in even more than the amount offered by GTO.
14

15 **Dated** this 14th day of December 2010.

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17 By: _____

18 George S. Treperinas, WSBA #15434
19 Attorneys for MTR Entities
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